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SUBJECT: SIMPLIFIED-CHARACTER CHINESE BOOKS IN THE TAIWAN MARKET

¶1. Summary: From surreptitious back-alley distribution to yearly import figures approaching two million volumes, the distribution in Taiwan of books from the Mainland featuring simplified Chinese characters has grown considerably in the two decades since the end of martial law. Relaxation of restrictions by the Taiwan authorities has been the main driver in this growth, helped along by competition among Taiwan bookstores and demand from (limited) sectors of the book-buying public. Lower prices and broader selection (especially of books translated into Chinese from languages other than English) appeal to certain consumers in Taiwan, as well as to professors selecting texts for university students. Some local book dealers expect that the number of imported simplified-character Chinese books will continue to grow in the years ahead; others see vestigial official restrictions, the comparatively narrow appeal of such books, and the growing strength of the RMB as constraining factors. End summary.

¶2. Public selling of simplified-character Chinese books was banned in Taiwan before martial law was lifted in 1987. As a result, bookstores secretly selling simplified-character Chinese books hid out in small alleys near the universities; more often, simplified-character Chinese books were sold by street vendors to familiar customers only. Starting in July 1987, the Government Information Office (GIO), replacing the then Taiwan Garrison General Headquarters, took on the job of governing Taiwan's publications. According to the guidelines issued by the GIO then, there were only two channels through which simplified-character Chinese books were allowed to enter Taiwan, both involving much red tape and tight restrictions. Local book dealers could apply with the GIO on a case-by-case basis to import these books. The general public and academic institutions could base their requests on research needs and apply to the GIO, also on a case-by-case basis, to buy and import simplified-character Chinese books into Taiwan.

¶3. (SBU) With the rapid boom of China's economy, more and more simplified-character Chinese books were introduced into Taiwan in the early 1990's. These books first appeared in book shops and stalls around Taipei's National Taiwan University, Taiwan's premier university, in a secretive and loosely organized network, and gradually gained clout in Taiwan's book market. The 2002 opening of the "Askfor" Bookstore (Wen Jin Tang Shudian) in Taipei, Taiwan's first special bookstore for simplified-character Chinese books, finally made simplified-character Chinese books available to the general public. The Askfor Bookstore adopted a modern publicity approach to selling simplified-character Chinese books: issuing press releases and widely distributing fliers. Its bold publicity

style aroused widespread criticism and interference from the DPP administration.

¶4. In February 2002, the GIO confiscated several thousand volumes of simplified-character books at Askfor on the grounds that these books violated government regulations. The GIO also banned the selling and display of simplified-character books at the February 2003 Taipei International Book Fair. This drove the sale of simplified-character books back underground. However, public protest, especially from scholars, led to a movement seeking to "legalize" the sale of simplified-character Chinese books in Taiwan.

On July 8, 2003, the Taiwan authorities partially lifted the restrictions, allowing academic books from China with simplified characters to be exhibited and sold in Taiwan. However, to protect Taiwan's publishers and the publication of traditional-character Chinese books and to avoid creating a "gray market," the Taiwan authorities retained their restrictions on simplified-character versions of books that had already been published in Taiwan or were about to be published in Taiwan.

¶5. Both the quality and quantity of simplified-character Chinese books sold in Taiwan have grown significantly in the last three years. In September 2006, the second "Cross-Strait Book Fair," generally viewed as the biggest book fair between the two sides of the Taiwan Strait, was held in Taipei, with over 300 mainland Chinese book publishers bringing simplified-character Chinese books worth over RMB20 million (US\$2.7 million) to Taiwan.

¶6. According to Taiwan's official customs statistics, Taiwan imported approximately 620,000 volumes (130,000 titles) of simplified-character Chinese books in 2004. The number soared to 1.6 million volumes (320,000 titles) in 2005 and continued to grow to 1.81 million volumes (440,000 titles) in 2006. In the first half

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of 2007, Taiwan imported around 860,000 volumes (190,000 titles) of simplified-character Chinese books. Part of this growth was due to the partnership formed between Askfor and the Bookland Internet Bookstore in 2004, through which simplified-character books were sold on the Internet to Taiwan customers. The opening of the Shanghai Bookstore in Taipei in 2005 by the United Daily News Group's Linking Publishing Company, in association with China's Shanghai Jifeng Books chain, also helped to streamline the import and sale of simplified-character books in Taiwan. In January 2006, Taiwan's Eslite Bookstore opened its flagship store in Taipei, touted as Asia's largest, featuring a 5300 sq. ft. special section dedicated to simplified-character Chinese books (70,000 volumes), enabling the Taiwan public to buy and read simplified-character Chinese books more conveniently.

¶7. Why did simplified-character Chinese books become so popular in Taiwan? Wang Yung, founder of the Askfor Bookstore and now the general manager of Chiu Shui Tang Bookstore, told AIT that "the key factor is the rapid growth of [Mainland] Chinese publications. In terms of translated literature, many books in China are directly translated from Spanish, Portuguese, or Russian into Chinese. But Taiwan is very short of capable translators who can translate non-English foreign books into Chinese. Taiwan's translators normally translate from the English version of those foreign books into Chinese - a move that not only takes more time, but also the translation itself often may deviate from the original text." The delay by Taiwan publishers in publishing traditional Chinese character versions of some well-known, non-English foreign books has driven Taiwan customers to turn to simplified-character Chinese books.

¶8. The breadth and speed of translation from foreign languages into Chinese is not the only merit noted by Taiwan customers; the books are also much cheaper. Book dealers, in turn, make a higher profit (nearly 20 percent of cost) selling simplified-character Chinese books. Simpler cover designs and less attention to printing details are among the factors that contribute to the lower costs of mainland Chinese books.

¶9. With more and more large bookstores opening in urban business districts, Taiwan's general public now enjoys greater access to a

variety of simplified-character Chinese books. Currently, Taiwan has around 40 importers of simplified-character Chinese books, whose marketing points are mainly in the Taipei area (70 percent), with the rest scattered through the central and southern parts of the island.

¶10. A survey done by local book dealers in 2006 showed that 50 percent of simplified-character Chinese books sold in Taiwan are on literature, history, and philosophy; 10 percent on social science, law, politics, and the military; 10 percent on Chinese medicine and art; 10 percent on education, finance and engineering; with the remainder on tourism and other topics. As for the consumers, Chu Fu-ming, head of the Eslite flagship bookstore's simplified-character Chinese book section, told AIT, "those who buy simplified-character Chinese books are mostly intellectuals and academics. Only 20 percent of the buyers are in their twenties, while 40 percent are in their thirties and forties, and the remaining 40 percent are over 50 years old. Older people are especially noticeable because they come in the mornings and spend a long time poring carefully over selections," Wu observed, with "history books being the most popular."

¶11. Simplified-character books are also becoming more popular on university campuses in Taiwan - as cheaper textbooks. This sometimes comes at the expense of textbooks from the U.S. Administrators from at least half a dozen universities with whom AIT is in contact have reported that more and more of their professors are assigning simplified-character textbooks for their classes, supplanting more expensive U.S. texts (or their authorized local versions). Sun Shuh-Ping, Dean of Student Affairs at I-Shou University in Kaohsiung County, recently told AIT he estimates that within the next five years more classes at his university will be using texts from the PRC than using texts from the United States. Until recently, almost all hard science and social science texts at his university were U.S. editions. In comparing PRC and U.S. textbooks for his students, Sun noted not only the competitive price of the simplified-character books, but also the comparative ease of understanding for his students.

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¶12. (SBU) Some Taiwan book dealers expect continued growth in the market for simplified-character Chinese books in Taiwan. Eslite bookstore's Chu, however, remained more guarded about the growth prospects for simplified-character Chinese books in Taiwan's market. "Given the continuous appreciation of the Renminbi and the Taiwan government's import restrictions on simplified-character Chinese books," Chu said, "it remains to be seen whether sales of simplified-character Chinese books will continue to be robust in Taiwan."

YOUNG